



State Board of Equalization

News Release

Chairwoman Betty T. Yee

1st District – San Francisco

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BETTY T. YEE RELEASES 3RD QUARTER 2006 TAXABLE SALES

SF Bay Area Growth Stronger than Statewide Growth

Betty T. Yee, Chairwoman of the State Board of Equalization (BOE), today released figures indicating taxable sales increased modestly in the third quarter of 2006.

Taxable sales totaled \$142.4 billion in the third quarter, up \$3.2 billion (or 2.3 percent) from the third quarter of 2005.

Many cities in the high technology areas of Silicon Valley had exceptionally fast growth. Palo Alto, Mountain View, Milpitas, Sunnyvale, and Cupertino had growth ranging from 10 to 15 percent over the third quarter of 2005.

Taxable sales in the nine-county San Francisco Bay Area increased \$1.0 billion (or 3.3 percent) from the third quarter of 2005, faster than the state average of 2.3 percent growth. The City and County of San Francisco ranked 11th in taxable sales among the counties with the fastest-growing taxable sales, joining Napa, Humboldt, and Santa Clara counties (ranked at 8, 9, and 12) with taxable sales increases of at least five percent over the third quarter of 2005.

Taxable sales rose far slower than the 6.0 percent growth in personal income in the third quarter, reversing a general trend for most of 2004 and 2005. (See chart.)

“Slower growth in home values and sales has likely had an effect on the state’s slower growth in taxable sales. The purchasing power has declined for many homeowners who rely on increasing equities to make purchases of large taxable items,” said Yee.

Retail stores posted taxable sales of \$99.1 billion statewide, a 1.6 percent increase over the same period a year ago. Retailers of nondurable goods rose 5.9 percent, while durable goods declined 2.4 percent. A 13.4 percent jump in gasoline prices bolstered total gasoline sales, which are a major component of nondurable goods sales. (See chart.) A 7.4 percent decline in new auto sales, the largest retail sector, held down growth in durable goods. Declines in sales by household furnishings and building materials dealers also reduced durable goods receipts.

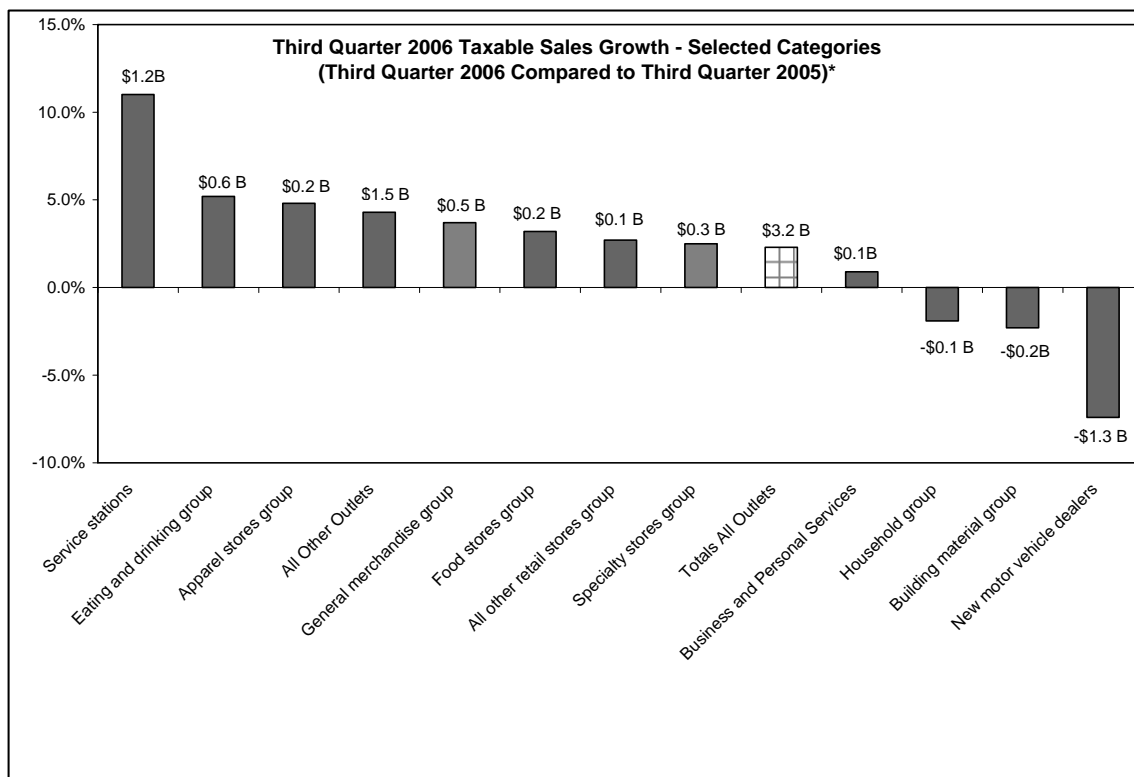
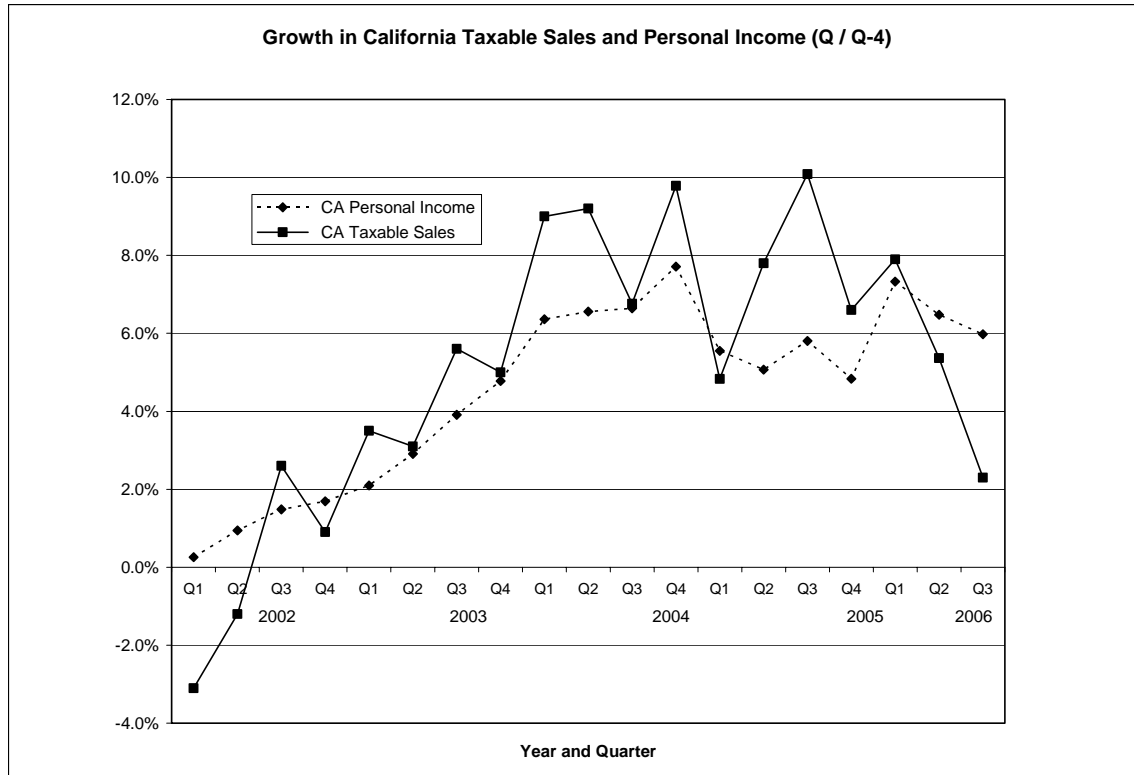
Service station dollar value of sales jumped 11.0 percent, faster than any other category. Taxable sales made by service stations yielded \$12.1 billion. All of the gain was accounted for by increased gasoline prices. The average price of gasoline during the third quarter was \$2.907 per gallon, a 13.4 percent jump from the previous year. With the higher prices, California gasoline consumption decreased 1.1 percent compared to the third quarter of 2005.

Third quarter taxable sales by new car dealers were \$16.0 billion, down 7.4 percent from last year. This follows a national pattern. New vehicle registrations in California also fell in the third quarter, decreasing 7.7 percent.

In constant dollar terms, taxable sales increased by 0.2 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of 2.0 percent for the third quarter of 2006. Price increases for gasoline and building materials were responsible for a large part of the inflation rate. The California CPI rose 4.0 percent (The CPI includes services, whose prices tend to increase faster than those of most taxable goods).

Chairwoman Betty T. Yee was elected to her post in November 2006. Her district includes many of California’s coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area.

The five-member Board of Equalization is a publicly elected tax board. The Board collects nearly \$53 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.



This chart highlights specific categories, but is not all inclusive. Please see links above for other figures.

View 3rd Quarter 2006 Taxable Sales ([entirely](#)), by [Type of Business](#), by [County](#), or by [City](#).

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